

Message Text

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ACTION NEA-16

INFO OCT-01 ISO-00 EB-11 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-10 NSAE-00 RSC-01 FAA-00 MC-02 TRSE-00

SS-20 NSC-07 L-03 DRC-01 /081 W

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P R 051025Z JUL 74

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC PRIORITY 8809

AMEMBASSY DAMASCUS PRIORITY

INFO AMEMBASSY ABU DHABI PRIORITY

AMEMBASSY KUWAIT

C O N F I D E N T I A L BIEUT 7720

E.O. 11652: N/A

TAGS: ETRN SY

SUBJECT: SYRIAN ARAB AIRLINES ACQUISITION DECISION

REF: BEIRUT 7587, STATE 144821

SUMMARY: LOCKHEED L-1011 TRISTAR DEMONSTRATED AT DAMASCUS JULY 3 AND LOCKHEED-CALIFORNIA APPEARS TO HAVE SATISFIED SELECTION COMMITTEE ON LEVEL OF DIRECT MAINTENANCE COSTS OF AIRCRAFT. HOWEVER, DOUGLAS AIRCRAFT COMPANY (DIVISION OF MCDONNELL DOUGLAS) HAS PRESENTED NEW OFFER ON DC10'S, AND DC-10-30 WILL BE FLIGHT DEMONSTRATED IN DAMASCUS JULY 9. SELECTION COMMITTEE DECISION APPEARS DEFERRED UNTIL AIRLINE HAS CHANCE TO LOOK OVER DC-10-30 AND DISCUSS LATEST DOUGLAS PROPOSAL. US CHANCES FOR SYRIAN ARAB ORDER AGAIN LOOK PROMISING BUT A-300B STILL TREAT. WE CONCUR OUR SUPPORT SHOULD BE FOR ALL US WIDEBODIES MANUFACTURERS. END SUMMARY

1. ON JULY 3, SYRIAN ARAB SELECTION COMMITTEE FLEW ON LOCKHEED L-1011 TRISTAR, CHARTERED FROM WEST GERMAN OWNED LTU, FOLLOWING MEETING WITH LOCKHEED-CALIFORNIA PRESIDENT DUANE WOOD AND STAFF. LOCKHEED FELT MEETING CONFIDENTIAL

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WENT EXTREMELY WELL AND APPEARED TO PUT TO REST AIRLINE

CHAIRMAN MOUKAYED'S FEARS REGARDING TRISTAR ALLEGED HIGH DIRECT MAINTENANCE COST. WOOD GAVE SYRIAN ARAB FLAT GUARANTEE THAT DIRECT MAINTENANCE COSTS WOULD NOT EXCEED PRESCRIBED MAXIMUM (APPROXIMATELY \$470 PER FLIGHT HOUR), WHICH APPEARED TO SATISFY COMMITTEE.

2. HOWEVER, AT LOCKHEED RECEPTION AFTER FLIGHT DEMONSTRATION, AIR FORCE COMMANDER NAZI JAMIL, WHO IS ALSO CHAIRMAN OF SELECTION COMMITTEE, INDICATED TO WOOD THAT AIRLINE WOULD ALSO LIKE FIVE-YEAR GUARANTEE AGAINST OPERATING LOSSES. WOOD QUITE NATURALLY CLAIMED THIS IMPOSSIBLE, AND INDICATED HE WAS RETURNING TO BURBANK, PARTICULARLY SINCE COMMITTEE ALSO INDICATED THEY COULD NOT MAKE FINAL AIRCRAFT DECISION UNTIL DC-10 WAS RESTUDIED EARLY NEXT WEEK.

3. DC-10-30, CHARTERED FROM FRENCH INTERNATIONAL AIRLINE UTA, WILL BE FLIGHT DEMONSTRATED DAMASCUS JULY 9. CHARGE SCOTES AND RCAA DWOR WILL BE PARTICIPATING IN THIS DEMONSTRATION AS WAS THE CASE WITH THE L-1011 TRISTAR DEMONSTRATION. TWO FLIGHTS WILL BE SCHEDULED, ONE AT 1500 AND A SPECIAL FIGHT AT 1730 FOR THE SELECTION COMMITTEE. DOUBLAS IS HOPING THAT PRESIDENT ASSAD WILL ACCEPT A SPECIAL INVITATION TO FLY ON THE DC-10 EITHER LATER TUESDAY OR EARLY WEDNESDAY. WE NOTE, HOWEVER, PRESIDENT ASSAD DECLINED TO ACCEPT DEMONSTRATION FLIGHT ON L-1011 AND ALSO, EARLIER, AIRBUS INDUSTRIE A-300B.

4. CHARGE SCOTES AND RCAA DWOR HAD OPPORTUNITIES ON DEMONSTRATION FLIGHT AND AT LATER RECEPTION TO ZERO-IN ON INDIVIDUAL MEMBERS OF SELECTION COMMITTEE. CHAIRMAN MOUKAYED AND CHIEF PILOT TINAWI FLATLY STATED IN THEIR VIEW DC-10 WAS VERY FINE AIRPLANE AND HAD NO SAFETY PROBLEMS. WHAT CONCERNED THEM, HOWEVER, WAS PUBLIC IMAGE ASPECTS OF THE DC-10 CRASH EARLIER THIS YEAR IN PARIS. THEY FELT THAT THIS IMAGE PROBLEM COULD CONCEIVABLY DILUTE ATTRACTIVENESS OF AIRPLANE TO TRAVELLING PUBLIC. THEY STATED, MOREOVER, IN STRONGEST TERMS THAT THERE WERE THREE AIRPLANES NOW IN COMPETITION, I.E., THE

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DC-10 IN ADDITION TO THE TRISTAR AND A-300B-4. RCAA DWOR ALSO STATED TO MOUKAYED THAT REPORTS ON L-1011 INFLATED OPERATING COSTS ARE CATEGORICALLY UNTRUE. MOUKAYELTERH DILY AGREED AND STATED THAT SYRIAN ARAB WAS EXAMINING AIRCRAFT OPERATING COSTS ON ITS OWN AND NOT RELYING ON CAB STATISTICS WHICH MOUKAYED AGREED COULD BE MISLEADING DUE TO VARYING ACCOUNTING PRACTICES OF INDIVIDUAL AIRLINES.

5. RCAA INDICATED TO MOUKAYED THAT TWA PRESIDENT BUD WISER WAS PARTICULARLY ENTHUSIASTIC ABOUT PERFORMANCE AND ECONOMICS OF TWA'S TRISTAR FLEET. CHAIRMAN MOUKAYED RESPONDED BY STATING THAT MR. WISER HAD ALSO WRITTEN TO HIM CITING TWA'S GREAT SATISFACTION WITH ITS TRISTAR FLEET AND MOUKAYED APPEARED IMPRESSED BY THIS TESTIMONIAL. WHEN MOUKAYED REMARKED THAT A-300B-4 COST-EFFECTIVE OF 90 PERCENT OF SYRIAN ARAB'S ROUTES, RCAA EMPHASIZED TRISTAR'S ADAPTABILITY AND ECONOMICS ON SHORT AS WELL AS LONGER ROUTES, MENTIONING INTRA-CALIFORNIA CARRIER PSA'S ORDER FOR FIVE TRISTARS FOR DEPLOYMENT ON ROUTE STRUCTURE AVERAGING LESS THAN 350 MILES PER SECTOR. ALSO NOTED PSA'S EVALUATION AND REJECTION OF A-300B.

6. FINAL DECISION BY SYRIAN ARAB MIGHT POSSIBLY BE MADE SOMETIME NEXT WEEK AND WE WOULD HOPE THAT THE ISSUE BE RESOLVED BETWEEN THE TRISTAR AND THE DC-10 AND THAT THE A-300B-4 WILL BE ELIMINATED. WE WILL CONTINUE TO POINT OUT TO CHAIRMAN MOUKAYED THE GREAT DIFFICULTIES THE RANGE-DEFICIENT AIRPLANE SUCH AS THE A-300B-4 WOULD POSE TO SYRIAN ARAB AIRLINES' FUTURE DEVELOPMENT. GODLEY

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